

## State Funding for Preschool

### ISSUE

This **Issue Review** provides an overview of preschool funding in Iowa. The state of Iowa provides funds for preschool programming through several annual and standing appropriations. The funds are received and managed by a variety of local and state entities, including local school districts, Area Education Agencies (AEAs), the Child Development Coordinating Council, the Department of Education, and local Early Childhood Iowa boards. This **Issue Review** also provides limited information on the federally funded Head Start Program, a large source of preschool funding in Iowa. A discussion of a national comparison of state funding for preschool is included.

### AFFECTED AGENCIES

Department of Education  
Department of Management, Early Childhood Iowa (ECI) Initiative

### CODE AUTHORITY

Iowa Code chapters [256A](#), [256B](#), [256C](#), and [256I](#)  
Iowa Code section [279.51](#)  
Iowa Administrative Code chapters [281.16](#), [281.41](#), [281.64](#), and [541.9](#)

### BACKGROUND

State funding totaling \$105.3 million for preschool is provided through the following four initiatives:

- Statewide Voluntary Preschool for Four-Year-Olds (SWVPP)
- Early Childhood Special Education (Part B)
- Shared Visions Preschool Programs
- Early Childhood Iowa

**Table 1**  
**FY 2016 State Funding for Preschool (in millions)**

| <u>Program</u>                    | <u>FY 2016 State Funding</u> |
|-----------------------------------|------------------------------|
| Statewide Voluntary Preschool     | \$ 73.3                      |
| Early Childhood Special Education | 18.9                         |
| Shared Visions Preschool          | 7.7                          |
| Early Childhood Iowa              | 5.4                          |
| Total                             | \$ 105.3                     |

In addition, the state receives federal funding for Head Start (FY 2016 – \$46.6 million), Early Childhood Special Education (Part B) (FY 2016 – \$2.7 million), and Title I, a portion of which a local district may use to supplement a district preschool program. The state does not track the amount of Title I funds districts spend on preschool.

At the local level, funding varies by school district. **Tables 2** and **3** illustrate the preschool funding, excluding Early Childhood Iowa (ECI), for the Bedford Community School District, a rural district, and the Davenport Community School District, an urban district.

**Table 2**  
**Bedford Community School District**  
**Preschool Funding 2014-2015 School Year**

| <b>Preschool Program</b>      | <b>State Funding</b> | <b>Federal Funding</b> | <b>Children Served</b> |
|-------------------------------|----------------------|------------------------|------------------------|
| Statewide Voluntary Preschool | \$95,490.0           | \$ 0                   | 32                     |
| Head Start                    | 0                    | 65,000                 | 17                     |
|                               | <b>\$ 95,490</b>     | <b>\$ 65,000</b>       |                        |

Source: Bedford Community School District

**Table 3**  
**Davenport Community School District**  
**Preschool Funding 2014-2015 School Year**

| <b>Preschool Program</b>          | <b>Private Funding</b> | <b>State Funding</b> | <b>Federal Funding</b> | <b>Children Served</b> |
|-----------------------------------|------------------------|----------------------|------------------------|------------------------|
| Statewide Voluntary Preschool     | \$ 0                   | \$ 2,745,390         | \$ 0                   | 869                    |
| Head Start                        | 0                      | 0                    | 398,540                | 117                    |
| DHS Child Care Wrap Around Grant  | 0                      | 0                    | 168,471                | 76                     |
| Early Childhood Special Education | 0                      | 1,888,300            | 0                      | 96                     |
| Shared Visions Preschool          | 0                      | 483,758              | 0                      | 77                     |
| Title I                           | 0                      | 0                    | 1,244,153              | 117                    |
| Tuition                           | 354,987                | 0                    | 0                      | 144                    |
| United Way Wrap Around Grant      | 37,457                 | 0                    | 0                      | 20                     |
| <b>Total</b>                      | <b>\$ 392,443</b>      | <b>\$ 5,117,448</b>  | <b>\$ 1,811,164</b>    |                        |

Total Enrollment was 1,173 for the 2014-2015 school year.  
Children served exceeds 1,173 because some students are funded by multiple sources.  
Early Childhood Special Education funding is provided from the State Aid formula, not federal funding.

Source: Davenport Community School District

Total funding received by Davenport was \$7.3 million. State and federal funding totaled \$6.9 million. In addition to the state funding, Davenport receives federal funding from Head Start, a U.S. Department of Health and Human Services (DHS) [Child Care Grant](#), and federal [Title I Preschool](#) funding. The district receives funding from the [United Way](#) and from tuition. The tuition is from families that have students in preschool that are not four years old and do not qualify for any other type of funding.

**Statewide Voluntary Preschool Program for Four-Year-Olds (SWVPP)** – During the 2007 Legislative Session, [HF 877](#) (Statewide Preschool Program for Four-Year-Old Children Act) created and provided a funding mechanism for the [Statewide Voluntary Preschool Program for Four-Year-Old Children](#). The purpose of the Program is to provide an opportunity for all young children in Iowa to enter school ready to learn by expanding voluntary access to quality preschool curricula for all four-year-old children ([Iowa Code section 256C.2\(1\)](#)). Requirements of the Program ([Iowa Administrative Code chapter 281.16\(3\)](#)) include:

- Instruction for the Program must be provided by an appropriately accredited and licensed teacher under contract with the school district.
- Specific approved learning standards.
- Class sizes of 20 students or less.
- A minimum of 10 hours a week of instruction time.
- Curriculum, assessment, staff development, and instructional strategies that are aligned to the Iowa Early Learning Standards.
- Specific parental involvement including a home visit from the teacher and at least two family teacher conferences per year.
- Integration of children from other preschool programs, including Head Start, the federal Individuals With Disabilities Education Act (IDEA), Title I, Shared Visions, and Community Empowerment (now Early Childhood Iowa).

Funding for the Program was based on a phase-in provision that began in the 2007-2008 school year (FY 2008). Annual appropriations were provided to fund the initial year of approved programs from FY 2008 through FY 2011. After the start-up year of each district’s Program, funding is generated on a formula basis. The preschool formula consists of 50.0% of the enrollment count of eligible students in the Program taken in October, multiplied by the following year’s state cost per pupil as used in the state school aid formula. For example, preschool formula funding in FY 2015 was based on an October 2014 Preschool Program enrollment count of 21,926, multiplied by the weighting of 0.5 (21,926 X 0.5 = 10,963, the weighted enrollment) multiplied by the FY 2015 state cost per pupil amount of \$6,366 (10,963 X \$6,366 = \$69.8 million). This formula, after audit adjustments for preschool enrollment, resulted in a total of \$70.0 million for preschool formula funding in FY 2015. The estimated FY 2016 preschool formula funding is \$73.3 million.

For FY 2016, 318 districts (94.6%) are participating in the Program. The current estimate for preschool formula funding in FY 2016 (based on an FY 2016 state percent of growth of 1.25%) is \$73.3 million. **Table 4** provides enrollment, weighting, and funding amounts for the Program from FY 2012 through estimated FY 2016.

**Table 4**  
**Statewide Voluntary Preschool Program Funding (in millions)**

|              | <u>Funding</u>  | <u>Enrollment</u> | <u>Weighting</u> |
|--------------|-----------------|-------------------|------------------|
| FY 2012      | \$ 58.4         | 19,800            | 9,900.0          |
| FY 2013      | 60.4            | 19,900            | 9,950.0          |
| FY 2014      | 66.1            | 21,381            | 10,690.5         |
| FY 2015      | 70.0            | 21,926            | 10,963.0         |
| Est. FY 2016 | 73.3            | 22,690            | 11,345.0         |
| <b>Total</b> | <b>\$ 328.2</b> | <b>105,697</b>    |                  |

Enrollment is based on October preschool weightings.

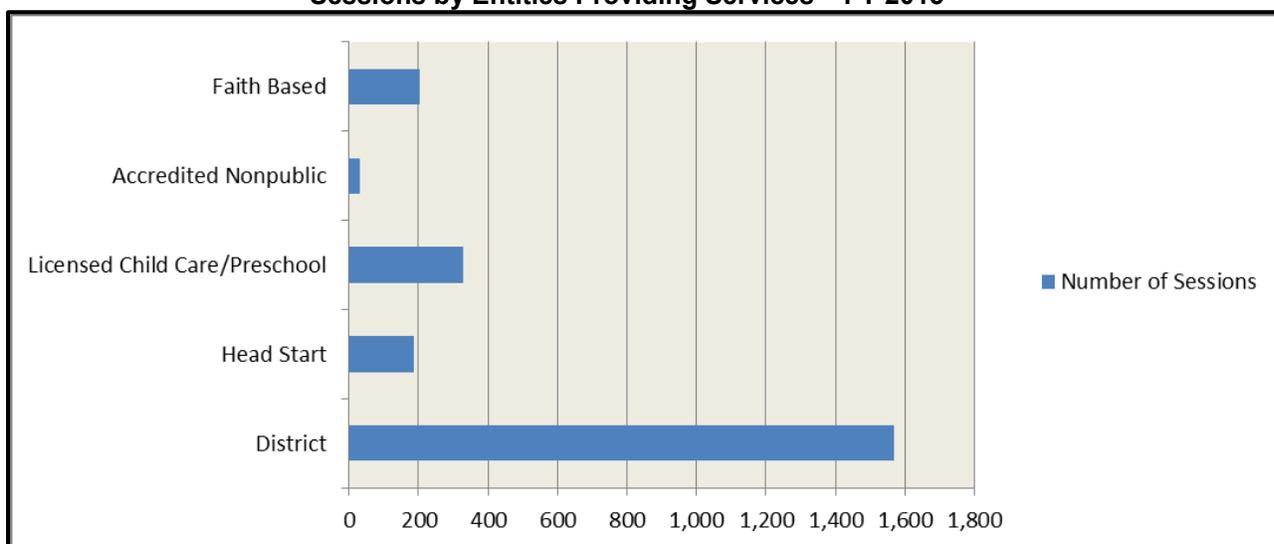
**Chart 1** shows the number of sessions by entities providing preschool services. Districts may partner with Head Start, a licensed child care facility, an accredited nonpublic preschool, or a

faith-based preschool, but most sessions did not have a partner in FY 2015. Sessions within the district’s SWVPP may choose between one of three required program standards: Head Start, Iowa Quality, or the National Association for the Education of Young Children. A session is described as a period of time when one group of children is present with the teacher and teaching assistant. For example:

- A teacher with a morning and an afternoon session with a different group of children in each is considered two sessions.
- A teacher with a full-day session with the same children is considered one session.

The categories for sessions are not mutually exclusive. A session, for example, could be both faith-based and nonpublic.

**Chart 1**  
**Statewide Voluntary Preschool Program**  
**Sessions by Entities Providing Services – FY 2015**



Source: Department of Education

**Early Childhood Special Education (Part B)** – [Early Childhood Special Education \(ECSE\)](#) is established under Part B of the IDEA to provide free preschool for children three to five years of age that meet the definition of a child with disability. Services address individual needs within the context of developmentally appropriate activities, including early learning experiences in language, prereading, and writing. Services are provided by the AEAs and local school districts. Iowa receives federal funds based on the number of children enrolled. State and local property tax funding is generated through the school aid formula using weighted enrollment for special education ([Iowa Code section 256B.9](#)).

**Table 5** shows the federal, state, and local property tax funding for Part B preschool services for the most recent five years. The number of children served has been decreasing, likely due to a variety of factors: the population is decreasing, other preschool options are available, and costs are increasing.

**Table 5**  
**Early Childhood Special Education (Part B)**  
**Federal Preschool Funding (in millions)**

|              | <b>Federal<br/>Funding</b> | <b>State Aid</b> | <b>Local<br/>Property Tax</b> | <b>Total</b> | <b>Children<br/>Served</b> |
|--------------|----------------------------|------------------|-------------------------------|--------------|----------------------------|
| FY 2012      | \$ 2.9                     | \$ 22.3          | \$ 3.2                        | \$ 28.3      | 7,467                      |
| FY 2013      | 2.9                        | 21.7             | 3.1                           | 27.7         | 7,109                      |
| FY 2014      | 2.9                        | 21.8             | 3.1                           | 27.8         | 6,534                      |
| FY 2015      | 2.9                        | 19.9             | 2.9                           | 25.6         | 6,322                      |
| Est. FY 2016 | 2.7                        | 18.9             | 2.7                           | 24.3         | 6,400                      |

Totals may not sum due to rounding.

Source: Department of Education

**Shared Visions Preschool Programs** – [The Shared Visions Preschool programs](#) serve high-risk children, ages three to five, in 51 Iowa counties, with family income below 130.0% of the federal poverty level. The programs are accredited by the National Association for the Education of Young Children. These programs are funded by the [Child Development Coordinating Council \(CDCC\)](#) ([Iowa Code section 279.51](#)). The CDCC receives approximately two-thirds of the state's standing General Fund appropriation for early childhood at-risk programming. In addition to funding Shared Visions preschools, the CDCC uses approximately 10.0% of the allocation to fund parent support programs.

**Table 6** shows state funding from the CDCC for the most recent five years. The number of children served is provided by age.

**Table 6**  
**Shared Visions Preschool Funding (funding in millions)**

|              | <b>State<br/>Funding</b> | <b>3-Year-Olds<br/>Served</b> | <b>4-Year-Olds<br/>Served</b> | <b>5-Year-Olds<br/>Served</b> | <b>Total<br/>Served</b> |
|--------------|--------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------|
| FY 2012      | \$ 6.5                   | 582                           | 1,202                         | 26                            | 1,810                   |
| FY 2013      | 6.5                      | 582                           | 1,202                         | 26                            | 1,810                   |
| FY 2014      | 7.7                      | 616                           | 1,093                         | 19                            | 1,728                   |
| FY 2015      | 7.7                      | 702                           | 965                           | 29                            | 1,696                   |
| Est. FY 2016 | 7.7                      | 667                           | 818                           | 8                             | 1,493                   |

Source: Department of Education

**Early Childhood Iowa Preschool** – [The Early Childhood Iowa \(ECI\) initiative](#), formerly known as Community Empowerment, receives an annual appropriation for [Preschool Assistance funding](#) to provide early care, health, and education programs to assist low-income parents with tuition for preschool and other services for children ages three to five that are not attending kindergarten. The funds are allocated by formula to the local ECI Area Boards that then enter into contracts with local providers to support preschools in their communities. This funding is to help families with income up to 200.0% of the federal poverty guidelines with tuition for preschool that is not covered under the Statewide Voluntary Preschool Program for Four-Year-Old Children. While the Statewide Voluntary Preschool Program funds the cost of preschool teachers for 10 hours per week for many programs around the state, the ECI funding helps local preschool programs provide extended hours and summer programming, transportation, various health screenings and consultations, and family support and parent involvement activities ([Iowa Code section 256I](#)).

**Table 7** shows the annual General Fund appropriation for ECI preschool support for FY 2013 through FY 2016, as well as the number of children served by age.

**Table 7**  
**Early Childhood Iowa Preschool, Children Served by Age (funding in millions)**

|              | <u>State</u><br><u>Funding</u> | <u>3-Year-Olds</u><br><u>Served</u> | <u>4-Year-Olds</u><br><u>Served</u> | <u>5-Year-Olds</u><br><u>Served</u> | <u>Total</u><br><u>Served</u> |
|--------------|--------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------|
| FY 2013      | \$ 5.4                         | 6,560                               | 8,489                               | 2,106                               | 22,098                        |
| FY 2014      | 5.4                            | 2,349                               | 6,997                               | 8,821                               | 24,045                        |
| FY 2015      | 5.4                            | 6,066                               | 9,470                               | 1,972                               | 22,401                        |
| Est. FY 2016 | 5.4                            | N.A.                                | N.A.                                | N.A.                                | N.A.                          |

Totals do not sum because children ages 0, 1, 2, and 6 may also receive services.  
Children served during FY 2016 not yet available.

Source: Early Childhood Iowa Office, Department of Management

**Table 8** is similar to **Table 7**, but categorizes children served in ECI Preschool Support by service since FY 2012. The ECI Preschool Support includes:

- Scholarships that pay at least a portion of a child's preschool expenses.
- Transportation assistance to and from preschool.
- Dental services.
- Other supportive services such as teachers and staffing, technical assistance, and mental health services.
- Child care consultant and child care nurse consultant services (no child specific data reported).
- Professional development for preschool teachers such as for conferences, training sessions, and educational options (no child specific data reported).

**Table 8**  
**Early Childhood Iowa Preschool Support, Children Served by Service (funding in millions)**

|              | <u>State</u><br><u>Funding</u> | <u>ECI</u><br><u>Scholarship</u> | <u>Transportation</u> | <u>Supportive</u><br><u>Services</u> | <u>Dental</u><br><u>Services</u> | <u>Total</u><br><u>Served</u> |
|--------------|--------------------------------|----------------------------------|-----------------------|--------------------------------------|----------------------------------|-------------------------------|
| FY 2012      | \$ 5.4                         | 4,146                            | 769                   | 3,546                                | 13,346                           | 21,807                        |
| FY 2013      | 5.4                            | 3,765                            | 1,064                 | 4,179                                | 13,090                           | 22,098                        |
| FY 2014      | 5.4                            | 3,876                            | 727                   | 2,058                                | 17,384                           | 24,045                        |
| FY 2015      | 5.4                            | 3,449                            | 677                   | 1,980                                | 16,295                           | 22,401                        |
| Est. FY 2016 | 5.4                            | N.A.                             | N.A.                  | N.A.                                 | N.A.                             | N.A.                          |

Children served during FY 2016 not yet available.  
For FY 2015, ECI Scholarships also include child care.

Source: Early Childhood Iowa Office, Department of Management

**FEDERAL HEAD START PROGRAM**

A large source of funding for preschool in Iowa comes from [Head Start](#), a federal program with comprehensive child development services for three- to five-year-old children from low-income families. Children with family income at or below the federal poverty level that receive Supplemental Security Income benefits, or have a disability, are eligible for Head Start services. Services include:

- Early Childhood Education,
- Family and Community Partnership,
- Health (including Dental and Mental Health), and
- Disability services.

Grants are awarded by the Administration for Children and Families (ACF) Regional Offices and the Office of Head Start's American Indian – Alaska Native and Migrant and Seasonal Program Branches directly to public agencies, private organizations, Indian tribes and school systems. Grants in Iowa are awarded by the ACF Regional Office in Kansas City, with the exception of two Migrant and Seasonal Head Start programs. **Table 9** shows the most recent funding for the Program and the number of children served by state fiscal year.

**Table 9<sup>1</sup>**  
**Head Start Funding (in millions)**

| State Fiscal<br>Year | Federal<br>Funding | Children<br>Served |
|----------------------|--------------------|--------------------|
| FY 2012              | \$ 59.3            | 7,702              |
| FY 2013              | 56.1               | 7,528              |
| FY 2014              | 61.0               | 6,947              |
| FY 2015              | 63.0               | 7,010              |
| Est. FY 2016         | 46.6               | 6,051              |

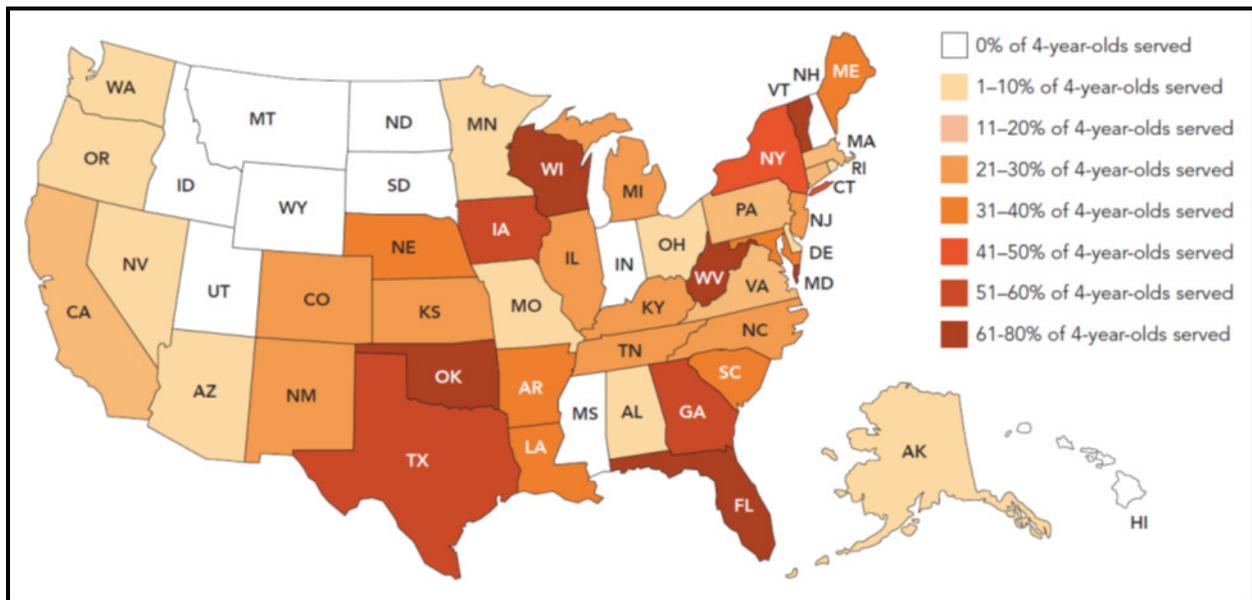
Source: Department of Education

<sup>1</sup> Estimated FY 2016 includes Head Start funding only. Fiscal years 2012 to 2015 include both Head Start and Early Head Start funds.

**NATIONAL COMPARISON OF STATE FUNDING FOR PRESCHOOL PROGRAMS**

State-funded preschool program enrollment varied considerably by state during the 2013-2014 school year. State-funded preschool programs primarily serve four-year-olds. **Figure 1** displays the percentage of preschool enrollment at age four by state. The District of Columbia served the highest percentage of children at age four. Florida, Oklahoma, and Vermont also ranked at the top with each serving over 75.0% of the state’s four-year-olds. Eleven states with programs served fewer than 10.0% of four-year-olds, while 10 more had no program, prior to the start of Mississippi’s program in January 2014. Iowa ranked 8th, serving just under 60.0% of the Iowa four-year-olds (this includes two programs: Statewide Voluntary Preschool Program and Shared Visions Preschool Program). Iowa’s ranking improved from 15th in the nation with less than 30.0% of Iowa four-year-olds served during the 2008-2009 school year.

**Figure 1**  
**Percent of 4-Year-Olds Served in State Preschool Programs, 2013-2014 School Year**



Source: National Institute of Early Education Research

**Table 10**  
**Funding for Preschool Programs per Child Enrolled by State, 2013-2014 School Year**

| <b>STATE</b>             | <b>STATE FUNDING PER CHILD</b> |              |   |
|--------------------------|--------------------------------|--------------|---|
| <b>1</b> D.C.            | \$                             | 15,372       | <p>The 2013-2014 school year represented the second consecutive year that state funding for preschool increased nationally, after adjusting for inflation. Total state funding for preschool programs increased by more than \$116.0 million across the 40 states and the District of Columbia that offered preschool programs. During the Great Recession (economic downturn of the late 2000s), states cut preschool funding in an effort to balance budgets.</p> <p>During the 2013-2014 school year, the District of Columbia had the highest state preschool spending per child enrolled at \$15,372. The national average was \$4,125. Iowa ranked 32nd with \$2,852 per child enrolled (this includes two programs: Statewide Voluntary Preschool Program and Shared Visions Preschool Program).</p> <p>Five years earlier, during the 2008-2009 school year, Iowa ranked 29th in the nation with \$3,065 per child enrolled. The national average was \$4,143.</p> <p>Ten states are not included in this table. Hawaii, Idaho, Indiana, Montana, New Hampshire, North Dakota, South Dakota, Utah, and Wyoming have no preschool programs. During the 2014 Legislative Session, Mississippi enacted legislation creating a statewide preschool program.</p> <p>The source for this data, the National Institute of Early Education Research (NIERR), only selects funding from state programs it deems constitute preschool programs. Methodology may be different from that of the Legislative Services Agency and the Iowa Department of Education.</p> |
| <b>2</b> New Jersey      |                                | 12,157       |   |
| <b>3</b> Connecticut     |                                | 8,906        |   |
| <b>4</b> Oregon          |                                | 8,471        |   |
| <b>5</b> Rhode Island    |                                | 8,335        |   |
| <b>6</b> Minnesota       |                                | 8,074        |   |
| <b>7</b> Delaware        |                                | 7,295        |   |
| <b>8</b> Washington      |                                | 6,658        |   |
| <b>9</b> Alaska          |                                | 6,137        |   |
| <b>10</b> Pennsylvania   |                                | 5,788        |   |
| <b>11</b> West Virginia  |                                | 5,766        |   |
| <b>12</b> Michigan       |                                | 5,704        |   |
| <b>13</b> Arkansas       |                                | 5,544        |   |
| <b>14</b> North Carolina |                                | 5,172        |   |
| <b>15</b> Tennessee      |                                | 4,611        |   |
| <b>16</b> Louisiana      |                                | 4,565        |   |
| <b>17</b> Maryland       |                                | 4,500        |   |
| <b>18</b> California     |                                | 4,298        |   |
| <b>19</b> Alabama        |                                | 4,288        |   |
| <b>20</b> Vermont        |                                | 4,273        |   |
| <b>21</b> Ohio           |                                | 4,000        |   |
| <b>22</b> New York       |                                | 3,820        |   |
| <b>23</b> Georgia        |                                | 3,746        |   |
| <b>24</b> Virginia       |                                | 3,741        |   |
| <b>25</b> Massachusetts  |                                | 3,693        |   |
| <b>26</b> Oklahoma       |                                | 3,671        |   |
| <b>27</b> Wisconsin      |                                | 3,577        |   |
| <b>28</b> New Mexico     |                                | 3,555        |   |
| <b>29</b> Texas          |                                | 3,479        |   |
| <b>30</b> Kentucky       |                                | 3,469        |   |
| <b>31</b> Illinois       |                                | 3,164        |   |
| <b>32 Iowa</b>           |                                | <b>2,852</b> |   |
| <b>33</b> Maine          |                                | 2,702        |   |
| <b>34</b> Nevada         |                                | 2,383        |   |
| <b>35</b> Colorado       |                                | 2,290        |   |
| <b>36</b> Florida        |                                | 2,238        |   |
| <b>37</b> Nebraska       |                                | 2,144        |   |
| <b>38</b> Kansas         |                                | 2,110        |   |
| <b>39</b> Missouri       |                                | 2,009        |   |
| <b>40</b> South Carolina |                                | 1,817        |   |
| <b>41</b> Arizona        |                                | 1,543        |   |
| <b>United States</b>     | \$                             | <b>4,125</b> |   |

Source: National Institute of Early Education Research

**CONCLUSION**

Preschools in Iowa receive funds from multiple federal, state, and local funding initiatives, such as Statewide Voluntary Preschool for Four-Year-Olds, Early Childhood Special Education (Part B), Shared Visions Preschool Programs, Early Childhood Iowa, and Head Start. The entities responsible for these funds often work collaboratively with one another to allow individual preschool programs to receive funding from multiple initiatives.

Each of these initiatives fund preschool but with differences in design, cost, and funding:

- **Statewide Voluntary Preschool for Four-Year-Olds** is for children four years of age by September 15 of a school year. Children other than four-year-olds may enroll if funding and space are available, but they are not counted for state funding purposes. Funding is from the state only. The estimated FY 2016 cost is \$73.3 million.
- **Early Childhood Special Education (Part B)** is a federal initiative for children three to five years of age that meet the definition of a child with a disability. Funding is from federal funds, state aid, and local property taxes. The estimated FY 2016 state cost is \$18.9 million.
- **Shared Visions Preschool Programs** serve high-risk children, ages three to five, in 51 Iowa counties, with family income below 130.0% of the federal poverty level. Funding is from the state only. The estimated FY 2016 cost is \$7.7 million.
- **Early Childhood Iowa Preschool** assists low-income parents with tuition for preschool and other services for children ages three to five that are not attending kindergarten. Funding is from the state only. The estimated FY 2016 cost is \$5.4 million.
- **Head Start** is a federal program with comprehensive child development services for children three to five years of age from low-income families. Funding is from the federal government only. The estimated FY 2016 cost is \$46.6 million.

Overall, these initiatives in FY 2016 total an estimated \$151.9 million.

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